

THE COMPANIES ACTS 1985 TO 1989

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION**OF****LEADA ACROW LIMITED**

(Adopted by Special Resolution passed on 4 February 1993)

(Amended by Special Resolution passed on 8 February 1993)

(Amended by Special Resolution passed on 23 February 1996)

PRELIMINARY

1.1 The regulations contained or incorporated in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 shall apply to the Company save insofar as they are excluded or modified by or are inconsistent with the regulations hereinafter contained and the regulations contained in Table A and the regulations herein contained shall be the articles of association of the Company ("the Articles").

1.2 Regulations 2, 24, 25, 41, 46, 50, 51, 52, 54, 64, 65, 73, 74, 75, 82, 87 and 89 of Table A shall not apply to the Company.

DEFINITIONS

2.1 In these Articles the following expressions shall have the following meanings:-

Accounts

the audited profit and loss account of the Company or,
if at the relevant time the Company has any subsidiary



undertaking(s), a consolidation of the audited profit and loss accounts of the Company and its subsidiary undertaking(s), for each financial year, to be prepared under the historical cost convention and in accordance with generally accepted accounting principles and all relevant Statements of Standard Accounting Practice, Financial Reporting Standards and Statements of Recommended Practice.

Act

the Companies Act 1985.

"A" Ordinary Shares

the "A" ordinary shares of 20p each in the capital of the Company.

Auditors

the auditors of the Company for the time being and from time to time.

Available Profits

profits available for distribution within the meaning of the Act.

"B" Ordinary Shares

the "B" ordinary shares of £1 each in the capital of the Company.

Borrowings

the borrowings by the Group and also:-

(a) all amounts of any third party indebtedness (excluding intra-group liabilities) for the time being the subject of a guarantee or indemnity given by, or any other form of analogous comfort enforceable against, any Group Company, in favour of any other person;

(b) the outstanding amount raised by acceptances by any bank or accepting house under any acceptance

credit opened on behalf of and in favour of a Group Company;

(c) the principal amount of any debenture (whether secured or unsecured) of any Group Company owned otherwise than by any other Group Company;

(d) the principal amount of any preference share capital of any subsidiary owned otherwise than by a Group Company;

(e) any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing; and

(f) the aggregate liabilities (whether presently payable or arising in the future) arising under all credit sale, hire purchase and any other agreements of Group Companies providing for payment on deferred terms but excluding normal trade credit arising in the ordinary course of business (which shall include, without limitation, arrangements whereby, in the normal course of trading, goods are supplied to members of the Group subject to retention of title).

Capitalisation Value

(a) in the event of a Quotation, the aggregate value of all the shares for which a Quotation is obtained (excluding any new shares (being of the same class as the Offer Shares) in issue by the Company as part of the arrangements relating to the Quotation (other than any new shares to be paid up by way of capitalisation of reserves) ("Offer Shares") determined by reference to the price per share at which the Offer Shares (or

those which) are to be offered for sale, placed or otherwise marketed pursuant to the arrangements relating to the Quotation;

(b) in the event of a Sale, the aggregate purchase price payable for all Ordinary Shares on completion of such Sale provided that if any part of the purchase price is payable otherwise than in cash or is cash payable on deferred terms the amount of the purchase price shall be the aggregate of the amount of the purchase price payable in cash (payable on completion of the Sale) and the Cash Equivalent.

Capitalisation Value per Share
(or "CV")

the Capitalisation Value divided by the total number of Ordinary Shares in issue.

Cash Equivalent

the sum certified by the Auditors (acting as experts and not arbitrators and whose certificate shall be binding on all members save in the case of manifest error) as being in their opinion the then current value of the right to receive the consideration in question (where the consideration is payable on deferred terms) or (in the case of consideration payable otherwise than in cash) their opinion of the monetary value of such consideration at that time.

Cash Generated

the aggregate amount of the profit/(loss) of the Group for the three years ending 31 December 1995 (as disclosed by the Accounts for those three years) calculated in the same way as the Profit before Tax is calculated but adjusted as follows:-

(a) the charge for depreciation for the three years

ending 31 December 1995 shall be added back; and

(b) the book value at the time of sale of all fixed assets sold during the three years ending 31 December 1995 shall be added; and

the certificate of the Auditors (acting as experts and not as arbitrators) as to the amount of the Cash Generated shall (except in the case of manifest error) be conclusive, final and binding on the members of the Company.

Cash Flow per Share (or "CF") in respect of a month (month j), the aggregate amount of Cash Inflow per Share for that month;

Cash Inflow per Share in respect of a period, the aggregate of all receipts received by the holder of one "B" Ordinary Share throughout the relevant period derived from his holding of such a share and, without prejudice to the generality of the foregoing, shall be deemed to include:-

(a) the amount of any dividends and distributions (and any associated tax credit) on such a share during that period (including any interest received for late payment of dividend); and

(b) any sums received on a return of capital in respect of such a share;

provided always that no account shall be taken of any fees, commissions or other like sums received in respect of such a share, and save as dealt with in

paragraph (a) above, any such sums shall be calculated prior to any effect of any tax in relation to any receipt from the Company by a holder of any such share, provided further that, for the avoidance of doubt, any dividends or distributions (and any associated tax credit) paid to the holders of shares of such class on the Conversion Date or after the Conversion Date (pursuant to the terms agreed in respect of the Conversion Event itself and in respect of the period prior to the Conversion Date) shall be included as receipts received by the holders of shares of such class for the period ending on the Conversion Date.

Conversion Date

the date of conversion of the "B" Ordinary Shares in accordance with Article 7.

Conversion Event

any of the following events:-

(a) the obtaining of a Quotation; or

(b) the entering into of one or more unconditional agreements for a Sale; or

(c) where an agreement or agreements for a Sale is or are conditional in any respect, that agreement or those agreements (as the case may be) becoming unconditional in all respects.

Deferred Shares

deferred shares of £1 each in the capital of the Company arising on the conversion of "B" Ordinary Shares.

Exit Amount

the Exit Amount per Share multiplied by the total number of Ordinary Shares in issue immediately prior to the Conversion Event.

Exit Amount per Share (or "EA") in respect of a "B" Ordinary Share, the amount required to be received by the holder of such a share which, when taken together with the Compounded Cash Flow, would result in the holder of such a share obtaining the Return on his Original Investment per share; such amount shall be calculated as follows:-

$$EA = \text{Return} - \text{Compounded Cash Flow}$$

where:

$$\text{Return} = I \times DR^n;$$

n

$$\text{Compounded Cash Flow} = \sum_{j=0}^n (CF_j \times DR^{(n-j)})$$

and where:-

n = the number of months between the month in which the Subscription Date or if later the date on which the "B" Ordinary Share is allotted falls and the month in which the Conversion Date falls, counting the month in which the Subscription Date falls as month 0 and the month in which the Conversion Date falls as month n ;

j = the number attributable to a month, number 0 being attributed to the month in which the Subscription Date falls, number 1 being attributed to the next month and so on until $j = n$;

CF_j = the amount of Cash Flow per Share in month j to a holder of a "B" Ordinary Share throughout that month;

Σ = the sum of the product of that part of the formula that follows for the month or relevant period in question;

DR = the monthly discount rate, 1.034366, which is applied to the Original Investment per Share and to items of Cash Flow to produce an annual rate of 50 per cent. compounding monthly; and

I = the Original Investment per Share.

Group	the Company and its subsidiary undertaking(s) (if any) for the time being and from time to time and references to Group Company and members of the Group shall be construed accordingly.
Interest Rate	two per cent. above base rate for the time being of the Governor and Company of the Bank of Scotland.
Investment Month	the month starting with the Subscription Date and each month thereafter.
Issue Price	the price per share at which the relevant shares are issued being the aggregate of the nominal amount thereof and any premium payable in respect thereof.
Offers	the offers made for the entire issued share capital of the Company by Ashtead Group PLC pursuant to the offer document dated 31 January 1996.
Management Board	the management board comprising all the directors of the Company, the regional managers and the technical director of the Company or such other persons as shall be agreed by all the directors of the Company.

Option Agreements

the agreement proposed to be dated 8 February 1993 and made between the Company (1), Uberior Trading Limited (2) and Bryan W. Baker and others (3) by the terms of which Uberior Trading Limited was granted an option to subscribe for a number determined in accordance with the agreement of "B" Ordinary Shares, the agreement proposed to be dated 8 February 1993 and made between the Company (1) and MM&K Limited (2) by the terms of which MM&K Limited were granted an option to subscribe for a number determined in accordance with the agreement of "B" Ordinary Shares and the agreement proposed to be dated 8 February 1993 and made between the Company (1) and J N Garrow (2) by the terms of which J N Garrow was granted an option to subscribe for a number, determined in accordance with the agreement, of "B" Ordinary Shares.

Ordinary Shares

the "A" Ordinary Shares and the "B" Ordinary Shares together.

Original Investment per Share

the Issue Price of each "B" Ordinary Shares issued in accordance with the Subscription Agreement.

Original Participant

each of John Joseph Clifford, Alan John Charles Skeats, Robert Neville Benson, Michael William Cartwright, Timothy John Griffiths, Derek Smith and Anthony John Thomas.

Profit before Tax

the aggregate amount of the profit/(loss) of the Group for the two financial years ending 31 December 1997 (as disclosed by the Accounts for those two years):-

(a) before any provision or reserve shall have been made for or in respect of:-

(i) any extraordinary item(s) which reduce(s) the said profit or increase(s) the said loss;

(ii) corporation tax (or any other tax levied upon or measured by reference to profits) on the profits earned by the Group;

(iii) the payment of any dividend or other distribution on or in respect of any share in the capital of the Company or the transfer of any sum to reserves;

(iv) the amortisation or writing off of goodwill arising on consolidation;

(b) before any credit shall have been taken for or in respect of any extraordinary item(s) which increase(s) the said profit or reduce(s) the said loss; and

the certificate of the Auditors (acting as experts and not as arbitrators) as to the amount of the Profit before Tax in any financial year shall (except in the case of manifest error) be conclusive, final and binding on the members of the Company.

Quotation

the admission of the whole of any class of the issued share capital of the Company to the Official List of the London Stock Exchange or the unconditional grant of permission for such share capital to be dealt in on the Unlisted Securities Market or any other recognised investment exchange (within the meaning of Part V of

the Financial Services Act 1986).

Related Persons in relation to any person (or deceased person) any one or more of the following:- his wife or her husband, his widow or her widower, any child or remoter issue.

Sale the unconditional completion of the sale of the whole of the issued equity share capital of the Company to a single purchaser or to one or more purchasers as part of a single transaction.

Subscription Agreement the Subscription and Shareholders' Agreement proposed to be dated 8 February 1993 and made between John Clifford and others (1) the Company (2) Nicholas Garrow and others (3) The CEX Partnership (4) and MM&K Limited (5) as amended and novated from time to time.

Subscription Date the date of the Subscription Agreement.

2.2 The terms "subsidiary", "subsidiary undertaking", "wholly-owned subsidiary", "parent undertaking", "holding company", "financial year", "director", "body corporate" and "equity share capital" shall have the meanings respectively attributed to them at the date of the adoption of these Articles by the Act and the term "connected person" shall have the meaning attributed to it at the date of the adoption of these Articles by section 839 Income and Corporation Taxes Act 1988 and the words "connected with" shall be construed accordingly.

2.3 The term "Investor" shall have the meaning attributed to it by the Subscription Agreement as from time to time novated, varied, amended or supplemented.

2.4 A reference to any statutory provision in these Articles:-

2.4.1 includes any order, instrument, plan, regulation, permission and direction made or issued under such statutory provision or deriving validity from it; and

2.4.2 shall be construed as a reference to such statutory provision as in force at the date of adoption of these Articles (including, for the avoidance of doubt, any amendments made to such statutory provision that are in force at the date of the adoption of these Articles); and

2.4.3 shall also be construed as a reference to any statutory provision of which such statutory provision is a re-enactment or consolidation; and

2.4.4 shall also be construed as a reference to any later statutory provision which re-enacts or consolidates such statutory provision.

2.5 Words importing one gender shall (where appropriate) include any other gender, and words importing the singular shall (where appropriate) include the plural and vice versa.

2.6 References in these Articles to "Regulations" and "Articles" are to regulations of Table A and to the regulations contained in these Articles respectively.

SHARE CAPITAL

3. The authorised share capital of the Company at the date of the adoption of these Articles is £2,218,350 divided into 591,750 "A" Ordinary Shares and 2,100,000 "B" Ordinary Shares.

DIVIDEND RIGHTS

4.1 Subject to the directors recommending payment of the same, any Available Profits which the Company may determine to distribute in respect of any financial year shall be distributed amongst the holders of the Ordinary Shares rateably as if the same constituted one class of share according to the number of shares held by them respectively.

4.2 In Regulation 103, the words from "If the share capital is divided" to the end of the Regulation shall be deleted.

RETURN OF CAPITAL RIGHTS

5. On a return of capital on liquidation or otherwise (except on the redemption of shares of any class or the purchase by the Company of its own shares), the surplus assets of the Company remaining after the payment of its liabilities shall be applied in the following order of priority:-

5.1 first, in paying to each holder of the "B" Ordinary Shares in respect of each "B" Ordinary Share of which it is the holder a sum equal to the Issue Price therefor;

5.2 second, in paying to each holder of the "A" Ordinary Shares in respect of each "A" Ordinary Share of which it is the holder a sum equal to the Issue Price therefor; and

5.3 the balance of such assets (if any) shall be distributed amongst the holders of the Ordinary Shares (pari passu as if the same constituted one class of share) rateably in proportion to the amounts paid up, or credited as paid up, on such shares held by them respectively.

VOTING RIGHTS

6.1 Subject to Article 6.2 on a show of hands every member holding one or more Ordinary Shares who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, shall have one vote and on a poll every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall have one vote for each Ordinary Share in the capital of the Company of which it is the holder.

6.2 If on the basis set out in Article 6.1 the holders of the "B" Ordinary Shares are together entitled to exercise votes which in total would amount to less than fifty one per cent. of the votes which are exercisable at general meetings of the Company then the

holders of the "B" Ordinary Shares shall become entitled forthwith to exercise such number of additional votes (which shall be divided between such holders pro-rata to their respective holdings of "B" Ordinary Shares) as shall together enable them to exercise fifty one per cent. of the votes which are exercisable at general meetings of the Company.

6.3 Notwithstanding any of the foregoing provisions of this Article, if any transfer of shares or any interest therein in the capital of the Company has been made in breach of the provisions of either:-

6.3.1 Article 11 because the transferee of such shares which constitute a Significant Interest (as therein defined) has not offered to purchase all of the Ordinary Shares as therein required; or

6.3.2 clause 7.2 of the Subscription Agreement because the transferee of the sale shares has not entered into a Deed of Adherence (as defined in the Subscription Agreement);

then, in each case, the holder for the time being of the shares in question (whether the transferor or the transferee) shall cease forthwith to be entitled to exercise any votes in respect of the transferred shares at any general meeting until the relevant breach has been remedied.

CONVERSION RIGHTS

7.1 Provided a Conversion Event has not occurred such number of "B" Ordinary Shares (rounding in each case to the nearest whole number) as results from the application of the formula set out in Article 7.2 below shall be redesignated and converted into Deferred Shares on the basis of one Deferred Share for each "B" Ordinary Share to be converted on the date on which the Auditors certify the amount of the Cash Generated (the "Certified Cash Generated Date") as provided in Article 7.2.

7.2 The formula referred to in Article 7.1 is:-

$R = EA/CV$; the ratio of the Exit Amount per Share divided by the Capitalisation Value per Share;

U = the ratio of
the total number of "B" Ordinary Shares in issue immediately prior to the Conversion Event

divided by

the total number of all Ordinary Shares in issue immediately prior to the Conversion Event; and

V = the ratio of
the total number of "A" Ordinary Shares in issue immediately prior to the Conversion Event

divided by

the total number of all Ordinary Shares in issue immediately prior to the Conversion Event.

7.7.3.2 Any "B" Ordinary Shares not converted into "A" Ordinary Shares on the basis of the formula in Article 7.7.3.1 above shall be converted on a one for one basis into Deferred Shares.

7.8 The number of shares of a class to be so converted held by each holder of such shares shall be in the same proportion that such holder's holding of such shares bears to the total number of shares of such class and any other class to be converted in issue immediately prior to such conversion, provided that the Board shall be entitled to deal as it thinks fit with fractional entitlements arising on conversions into "A" Ordinary Shares and Deferred Shares.

7.9 As soon as practicable before the conversion of the "B" Ordinary Shares to be

converted pursuant to any provision of this Article 7, the Company shall give written conditional notice to each of the holders of the "B" Ordinary Shares of such automatic conversion, the date on which conversion is due to be made and the place at which the certificates in respect of such shares are to be presented. The notice shall be expressed to be conditional upon the occurrence of the Conversion Event within a specified period of not more than three months from the date of the notice.

7.10 Forthwith after conversion pursuant to any provision of this Article 7, the holders of the Deferred Shares or "A" Ordinary Shares resulting from the conversion shall send to the Company the certificates in respect of their respective holdings of "B" Ordinary Shares and thereupon, but subject to receipt of such certificates, the Company shall issue to such holders respectively certificates for the Deferred Shares or "A" Ordinary Shares resulting from the conversion and for the balance (if any) of the "B" Ordinary Shares held by them.

7.11 The Deferred Shares shall entitle the holders thereof to the following rights:-

7.11.1 as regards dividend, the holders of the Deferred Shares shall carry no right to any dividend;

7.11.2 as regards to capital, on a return of assets on a liquidation or otherwise, the holders of the Deferred Shares shall be entitled to 50p per share after payment of the Company's liabilities and after the holders of the "A" Ordinary Shares and the "B" Ordinary Shares shall have received £1,000,000 per share;

7.11.3 as regards voting, the holders of the Deferred Shares shall not (in respect of their holdings of such shares) be entitled to receive notice of or attend and vote at general meetings of the Company;

7.11.4 subject to the Act, the Company shall be entitled by written notice given at any time to redeem all of the Deferred Shares by paying £1 in total to all the holders thereof, to be received pro rata to their respective holdings of Deferred Shares.

7.12 Conversion of "B" Ordinary Shares as are to be converted in accordance with

Articles 7.5 to 7.7 (such shares being called in this Article the "Relevant Shares") shall be effected in such manner as the directors of the Company may determine and as the law may allow and in particular, but without prejudice to the generality of the foregoing, may be effected in accordance with the provisions below:-

7.12.1 The directors of the Company may determine to effect conversion by redeeming the Relevant Shares on the relevant Conversion Date at £1.00 per share either out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of "A" Ordinary Shares provided the directors of the Company shall first have obtained all requisite authorities for the purpose of enabling them to allot the "A" Ordinary Shares which fall to be allotted pursuant to this Article 7.12.1 and/or grant rights to subscribe therefor. A Relevant Share (if the directors of the Company elect to redeem out of the profits of the Company which would otherwise be available for dividend) shall confer on the holder thereof the right to subscribe for the appropriate number of "A" Ordinary Shares as shall fall to be allotted on conversion of the "B" Ordinary Shares as provided by Articles 7.5 to 7.7 at such premium as shall represent the amount (if any) by which the redemption moneys exceed the nominal amount of the "A" Ordinary Shares to which the holder is so entitled; in any such case each holder of Relevant Shares shall be deemed irrevocably to authorise and instruct the directors of the Company to apply the redemption moneys payable to him in subscribing for such "A" Ordinary Shares at such premium (if any) as aforesaid. A Relevant Share (if the directors of the Company elect to redeem out of a fresh issue) shall confer on the holder thereof the right to subscribe, and shall authorise the Secretary of the Company (or any other person appointed for the purpose by the directors of the Company) to subscribe as agent on the holder's behalf, for the appropriate number of "A" Ordinary Shares (which authority shall include the right to borrow money) as shall fall to be allotted on conversion of the "B" Ordinary Shares as provided by Articles 7.6 and 7.7 and at such premium (if any) as shall represent the amount by which the redemption moneys exceed the nominal amount of the "A" Ordinary Shares to which the holder is so entitled; in any such case the holder of Relevant Shares shall be deemed irrevocably to authorise and instruct the directors of the Company to apply the redemption moneys payable to him in payment to him or his said agent.

7.12.2 The directors of the Company may determine to effect conversion by means of consolidation and sub-division. In such case the requisite consolidation and sub-division shall be effected pursuant to the authority given by the passing of the resolution to create the "B" Ordinary Shares by consolidating into one share all the Relevant Shares at the relevant Conversion Date held by any holder or joint holders and sub-dividing such Consolidated Share into shares of 20p each (or such nominal amount as may be appropriate as a result of any other consolidation or sub-division of "A" Ordinary Shares) of which such number of shares as may be appropriate as a result of the application of the provisions of Articles 7.5 to 7.7 for each £1 nominal amount of the Consolidated Share shall be "A" Ordinary Shares (and so in proportion for any other nominal amount of the Consolidated Share) fractional entitlements being disregarded and the balance of such shares (including any fraction) shall be Deferred Shares.

VARIATION OF CLASS RIGHTS

8. Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up, with the consent in writing of the holders of 75 per cent. in nominal amount of the issued shares of that class, or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of the shares of that class, but not otherwise. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, mutatis mutandis, apply, except that the necessary quorum shall be two persons holding or representing by proxy at least one third in nominal amount of the issued shares of that class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present any member or members who are present shall be a quorum), and the holders of shares of each class shall, on a poll, have one vote in respect of every share of the class held by them respectively provided that, without prejudice to the generality of this Article, the special rights attached to the "A" Ordinary Shares and the "B" Ordinary Shares shall be deemed to be varied if the Company shall make any increase or reduction or other alteration whatsoever of the issued share capital of the Company (other than arising from an employee share option scheme approved by the board of directors of the Company or pursuant to the Option Agreements) or by any

variation of the rights attached to any of the shares for the time being in the capital of the Company or by any grant of an option (other than as aforesaid) to acquire or subscribe for shares of the Company or the issue of any securities convertible into shares of the Company or the entry into any agreement for the same.

9. References in Article 8 to "the Company" shall include a separate and additional reference to each subsidiary of the Company and the Company shall procure, so far as it is able, that the restrictions and limitations hereby imposed on such Group Companies shall be observed by each and every one of them.

LIEN

10. The lien conferred by Regulation 8 shall attach to all shares of any class, whether fully paid or not, and to all shares registered in the name of any person indebted or under liability to the Company, whether he be the sole registered holder thereof or one of two or more joint holders. Regulation 8 shall be modified accordingly.

TRANSFER OF A SIGNIFICANT INTEREST

11.1 Without prejudice to the provisions of Article 17, except for any sale or transfer made pursuant to the Offers no sale or transfer of any Ordinary Shares ("the specified shares"), which if made and registered would result in a person or persons acting in concert obtaining a Significant Interest (as defined in Article 11.2.1) in the Company, shall be made or registered without the previous written consent of the holders of 75 per cent. in nominal value of the "A" Ordinary Shares and the "B" Ordinary Shares then in issue, unless before the transfer is made the proposed transferee has offered to purchase all of the Ordinary Shares for the time being in issue at the Specified Price (as defined in Article 11.2.3).

11.2 For the purposes of this Article 11:-

11.2.1 the expression "Significant Interest" shall mean shares amounting in the aggregate to 30 per cent. or more of the total Ordinary Shares in issue;

11.2.2 the expressions "transfer", "transferor" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment, the original allottee and renouncee under any such letter of allotment;

11.2.3 the expression "the Specified Price" shall mean a consideration per share at least equal to the aggregate of (1) that offered or paid or payable by the proposed transferee for each of the specified shares; (2) the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the specified shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for the specified shares; and in the event of disagreement as to the amount of the Specified Price, its calculation shall be referred to an umpire (who shall act as an expert and not as an arbitrator) nominated by the parties concerned (or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales upon the application of any of such parties) whose decision shall be final and binding; and

11.2.4 the expression "persons acting in concert" shall mean any persons who pursuant to an agreement or understanding (whether formal or informal) actively co-operate with each other through the acquisition by any of them of shares in the Company to obtain in aggregate a Significant Interest in the Company and, without prejudice to the generality of the foregoing, the following persons shall for the purposes of this Article be deemed to be persons acting in concert with a transferee namely:-

11.2.4.1 if the transferee is a body corporate, any director of, or shareholder in, the transferee or any person connected with such director or shareholder;

11.2.4.2 any person who is connected with the transferee; and

11.2.4.3 if the transferee is a body corporate, any body corporate which in relation to the transferee is a subsidiary, a holding company or a fellow subsidiary of such holding company.

11.3 This Article 11 shall not apply to a transfer permitted by Article 14 or to a transfer

to an employee or to trustees pursuant to Article 17.2.1.

PERMITTED TRANSFERS OF SHARES

12. A transfer permitted by the provisions of Article 14 is referred to in these Articles as a "permitted transfer".

13. The directors may refuse to register the transfer of any share to a person of whom they do not approve and shall within seven days after the lodging of the instrument of transfer with the Company give written notice to the transferor and transferee of such refusal provided that the directors may not refuse to register a permitted transfer of any fully-paid share and the directors shall be bound to register any such transfer within 14 days after the lodging of the instrument of transfer with the Company and to enter the name of the transferee in the register of members.

14. Notwithstanding any other provisions of these Articles, a member or members (or any persons entitled in consequence of the death of a member) may at any time transfer any share:-

14.1 if an Investor, to another Investor or a nominee of another Investor provided that the transferee will not after any such transfer has been made and registered beneficially own 20 per cent. or more of the Ordinary Shares in issue; or

14.2 if an Investor, to any person who will hold the shares only as a nominee for such Investor; or

14.3 if a nominee of an Investor, to such Investor; or

14.4 to any Related Person (provided that in the case of an individual Related Person such individual is over the age of 18) or to the trustees of any trust created in favour of himself and/or any Related Person (notwithstanding that one or more charities may be named as residuary beneficiaries of any such trust); or

14.5 if the personal representatives of a deceased member, to any Related Person of such deceased member; or

14.6 if such member holds such share or shares as a result of a transfer made after the date of the adoption of these Articles by a person in relation to whom such member is a Related Person, to the person who originally transferred such shares or any other Related Person of such original transferor; or

14.7 if trustees of any trust referred to in Article 14.4:-

14.7.1 upon any change of trustees, to the new or remaining trustee or trustees for the time being of such trust; and

14.7.2 to the settlor and/or any of the Related Persons of the settlor on their becoming entitled to the same under the terms of the trust; or

14.8 to the trustees of any trust set up for the benefit of employees of the Group and constituting an employees' share scheme within the meaning of section 743 of the Act; or

14.9 if such member is a trustee of a trust set up for the benefit of employees of the Group and constituting an employees' share scheme within the meaning of section 743 of the Act then to any one or more of the beneficiaries of that trust; or

14.10 in the case of any shares issued pursuant to the Option Agreement to which Uberior Trading Limited is a party, to The Governor and Company of the Bank of Scotland or any Company which is a subsidiary company of such Bank provided that if any such company is to cease to be a subsidiary company of such Bank it shall before so ceasing transfer any shares held by it to such Bank or a subsidiary company nominated by such Bank for the purpose at nominal consideration and the provisions of Article 16.10 shall mutatis mutandis apply to any such transfer.

15. The directors may require from any person lodging a transfer pursuant to Article 11

or Article 14 such information and evidence as the directors think fit regarding any matter which they may reasonably deem relevant for the purposes of these Articles and may refuse to register the relevant transfer until they have received information and evidence satisfactory to them.

TRANSFER PRE-EMPTION PROVISIONS

16.1 Except in the case of a transfer which is a permitted transfer and of a transfer made pursuant to the Offers, every member who wishes to transfer any shares (the "vendor") shall give notice in writing of such wish to the Company ("the transfer notice").

16.2 Each transfer notice shall:-

16.2.1 relate to one class of shares only;

16.2.1 specify the number of shares which the vendor wishes to transfer ("the sale shares");

16.2.3 specify the identity of the person to whom the vendor intends to transfer the sale shares ("the proposed transferee");

16.2.4 specify the price per share ("the sale price") at which the vendor is prepared to transfer the sale shares;

16.2.5 be deemed to constitute the Company the vendor's agent for the sale of the sale shares at the sale price in the manner prescribed by these Articles; and

16.2.6 not be varied or cancelled.

16.3 A vendor may provide in the transfer notice that, unless purchasers are found for all or not less than specified number of the sale shares, he shall not be bound to transfer any of such shares ("a minimum transfer condition") and any such provision shall be binding on the Company.

16.4 The Company shall within seven days of receipt of a transfer notice offer for purchase each of the sale shares to each member (other than the vendor) at the sale price and invite each of them to state within 28 days of the date of despatch of such offer whether he is willing to purchase any, and if so how many, of the sale shares.

16.5 If the said members or any of them shall within such 28 day period apply for any of the sale shares the Company shall allocate those sale shares which have been applied for:-

16.5.1 first, to all members holding shares of the same class as the sale shares (if any) who have applied to purchase any of them and, if such members have applied in aggregate for a greater number than the sale shares, pro rata according to the number of shares of the same class held by them at the date of the offer; and

16.5.2 second (if any of the sale shares shall remain after the applicants referred to in Article 16.5.1 have been satisfied in full), to members holding shares of any different class or classes of shares to the sale shares who have applied to purchase any of them and, if such members have applied in aggregate for a greater number than the sale shares, pro rata according to the number of shares (other than shares of the same class as the sale shares) held by them at the date of the offer.

16.6 If and to the extent that any of the sale shares are not applied for by members of the Company within the said period of 28 days, the Company may, with the written consent of the holders for the time being of a majority in nominal value of the class of shares the subject of the transfer notice excluding those held by the vendor, by notice in writing (given at any time within the period of seven days after the expiry of the said 28 day period) invite any person or persons selected by the directors to apply for any of the sale shares not applied for by members of the Company at the sale price. If a person or persons selected by the directors as aforesaid shall apply within seven days of such invitation for any sale shares, the Company shall allocate to him or them such number of sale shares as they in their absolute discretion decide, subject always to the provisions of Article 16.7.

16.7 No offeree of the sale shares shall be obliged to take more than the maximum

number of sale shares that he has indicated to the Company he was willing to purchase. An allocation of sale shares made by the Company pursuant to Article 16.5 or Article 16.6 shall constitute the acceptance by the persons to whom they are allocated of the offer to purchase those sale shares on the terms offered to them.

16.8 Notwithstanding the provisions of articles 16.5 and 16.6, the Company may not make an allocation of sale shares unless and until it has found purchasers for the minimum number specified in any minimum transfer condition.

16.9 The Company shall forthwith upon allocating any sale shares give notice in writing ("a sale notice") to the vendor and to each person to whom sale shares have been so allocated, of the number of sale shares allocated to him and the aggregate price payable therefor. Completion of the sale and purchase of those sale shares in accordance with the sale notice shall take place within seven days after the date of the sale notice whereupon the vendor shall, upon payment of the price due in respect thereof, transfer those sale shares specified in the sale notice to the person or persons to whom they have been allocated and deliver the relative share certificates.

16.10 If in any case the vendor having become bound as aforesaid makes default in transferring the sale shares, the Company may receive such purchase money and may nominate some person to execute an instrument of transfer of such shares in the name and on behalf of the vendor and thereafter when such instrument has been duly stamped the Company shall cause the name of the proposed transferee to be entered in the Register of Members as the holder of such shares and where applicable shall hold the purchase money in trust without interest for the vendor. The receipt of the Company for the purchase money shall be a good discharge to the proposed transferee (who shall not be bound to see to the application thereof) and after his name has been entered in the Register of Members in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.

16.11 If the Company shall not have given a sale notice to the vendor in respect of all the sale shares within 50 days after the date of the receipt of a transfer notice, the vendor shall subject to Article 13, during the period of 30 days next following the expiry of such

period, be at liberty to transfer to the proposed transferee all of the sale shares for which a sale notice has not been given or in the case where the transfer notice contained a minimum transfer condition which has not been satisfied, any number of sale shares which is not less than the number specified in such minimum transfer condition at a price per share not less than the sale price.

COMPULSORY TRANSFERS

17.1 If any person who is an employee and/or a director of the Company (other than a Nominated Director or other than as a result of the retirement of that person from the employment of the Company at the Company's normal retirement age for employees of the same status as that person) shall cease to be an employee or director of the Company (whichever shall last occur) then that person if he is the holder of Ordinary Shares and his Related Persons who are such holders (and where relevant, his personal representatives or trustee in bankruptcy) shall upon the expiration of seven days of such cessation be deemed to serve a transfer notice ("a deemed transfer notice") for all of the Ordinary Shares held by him and them.

17.2 The provisions of Article 16 shall apply to every deemed transfer notice, subject to the provisions of Article 17.3.

17.3.1 The board of directors of the Company shall, within one month after the date of any transfer notice or deemed transfer notice to which this Article 17.3.1 applies, be at liberty to invite one or more employees or bona fide prospective employees of any Group Company selected by the directors who shall not already be members to apply for all or any of the sale shares comprised in such transfer notice (deemed or otherwise) and in the absence of making any such invitation or in the absence of any such invitation being accepted, to transfer such shares at the sale price to a person nominated to hold such shares as trustee pending identification of such employees or prospective employees and other members shall not, in such circumstances, be entitled to exercise rights of pre-emption in relation to the proposed transfer of such shares to such employees, prospective employees or trustees or from such trustees to any employees or prospective employees as aforesaid provided that if shares are transferred to a trustee pursuant to this Article, a

transfer notice shall be deemed served by such trustee at the expiry of 12 months from the date of the original deemed transfer notice if the said shares have not by that time been transferred to or options over such shares have not been acquired by any such employees or prospective employees and the provisions of Article 16 shall apply to any such deemed transfer notice.

17.3.2 The price determined by the Auditors in relation to shares comprised in any transfer notice to which Article 17.3.1 for the purposes of Articles 17.3.3 and 17.3.4 shall be determined as follows. The price shall be such proportion of the market value of the entire issued share capital of the Company as the sale shares bear to the total number of Ordinary Shares. Such market value shall be either the market value of the entire issued share capital of the Company determined by the Auditors at the same time as they conduct the annual audit of the Company or if the Auditors have not determined the market value at the same time as such annual audit or if the Directors believe that such value does not represent the market value of the entire issued share capital of the Company at the time the deemed transfer notice is given the value at such time. If the Auditors are requested to determine the market value at such time then they shall be requested by the Company within seven days of the date of the transfer notice or of the event giving rise to the deemed transfer notice (as the case may be) to determine such market value. The market value of the entire issued share capital (whether determined at the time of the audit or at the time the deemed transfer notice is given) shall be such sum as may be determined by the Auditors and certified by them to the Company as representing in their opinion the market value thereof on the basis of a sale as between a willing vendor and a willing purchaser of the entire issued share capital of the Company in the open market taking into account all such factors as the Auditors may deem relevant including, but not by way of limitation, the latest available results of the Company, the trading conditions then current, the then existing strength of the management of the Company and the Company's prospects and disregarding the fact that the said shares constitute a minority, majority or any other particular holding of shares in the Company. The Auditors shall certify the market value as soon as possible after being instructed by the Company and in so certifying, the Auditors shall be deemed to be acting as experts and not as arbitrators and the Arbitration Acts 1950-1979 shall not apply. The certificate of the Auditors shall be final and binding. The Company shall procure that any certificate

required hereunder is obtained with due expedition and the cost of obtaining such certificate shall, subject to complying with the Act, be borne by the Company.

17.3.3 In the case of a deemed transfer notice given as a result of dismissal for misconduct justifying summary dismissal or bankruptcy or voluntary resignation by the relevant person (otherwise than consequent upon a repudiatory breach of contract by the Company), the sale price shall be as follows:-

<u>Date of service of deemed transfer notice</u>	<u>Sale price</u>
--	-------------------

Within one year of the date of adoption of these Articles	£nil
---	------

After the first anniversary of the date of adoption of these Articles	the lower of the Issue Price and 50% of the price determined pursuant to Article 17.3.2 or such higher price (not to exceed 100% of the price determined pursuant to Article 17.3.2) as the directors of the Company taking into account the recommendation of the Management Board shall deem in the circumstances appropriate in the case of a deemed transfer notice given by John Joseph Clifford or such higher price (not to exceed 100% of the price determined pursuant to Article 17.3.2) as the Management Board shall deem in the circumstances appropriate in the case of any other person.
---	---

17.3.4 In the case of a deemed transfer notice given in all circumstances other than those set out in Article 17.3.3, the sale price shall be as follows:-

Date of service of deemed transfer Sale price
notice

At any time	the higher of the Issue Price and 50% (or such higher percentage up to 100 as the directors of the Company taking into account the recommendation of the Management Board shall deem in the circumstances appropriate in the case of a deemed transfer notice given by John Joseph Clifford or such higher percentage up to 100 as the Management Board shall deem in the circumstances appropriate in the case of any other person) of the price determined pursuant to Article 17.3.2.
-------------	--

ANNUAL GENERAL MEETINGS

18. The directors shall procure that the Annual General Meeting in respect of each financial year of the Company shall be convened to take place not later than 45 days after the date of the Auditors' report relating to the Accounts for the relevant financial year.

PROCEEDINGS AT GENERAL MEETINGS

19.1 Three persons (of whom two at least must be holders of "B" Ordinary Shares and one of whom must be a holder of "A" Ordinary Shares) entitled to vote upon the business to be transacted each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum. Regulation 40 shall be modified accordingly.

19.2 If within half an hour from the time appointed for the meeting a quorum is not present, or if during a meeting a quorum ceases to be present for a period exceeding 10 minutes, the meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such other time and place as the members present may decide and

if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the member or members present.

19.3 A resolution put to the vote of a meeting shall be decided on a show of hands unless, before or on the declaration of the result of the show of hands, a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded at any general meeting by the Chairman, or by any member present in person or by proxy and entitled to vote or by a duly authorised representative of a corporation which is a member entitled to vote.

19.4 The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors must be delivered to the registered office of the Company not less than 48 hours before the time appointed for the holding of the meeting or to the place of the meeting at any time before the time appointed for the holding of the meeting and Regulation 62 shall be modified accordingly.

19.5 When a poll has been demanded it shall be taken forthwith.

19.6 The Chairman of the meeting shall in the case of an equality of votes, whether on a show of hands or on a poll, be entitled to exercise a second or casting vote.

NOMINATED DIRECTOR

20.1 The holders for the time being of 75 per cent. in nominal value of the issue "B" Ordinary Shares shall have the right at any time and from time to time to appoint such number of persons to be directors of the Company and of each subsidiary of the Company as with the other directors of the relevant board of directors shall constitute a simple majority of the total number of directors ("the Nominated Directors") and, in relation to such right, the following provisions shall have effect:-

20.1.1 any such appointment shall be effected by notice in writing to the relevant Group Company signed by such holders who may in like manner at any time and from time to

time remove from office any director so appointed and appoint any person in place of any director so removed or otherwise vacating office;

20.1.2 each such appointment and removal shall take effect forthwith upon such notice being received by the Company and the provisions of Regulation 76 shall be read subject to this Article 20; and

20.1.3 only the "B" Ordinary Shares shall confer upon the holders thereof the right to vote upon any resolution pursuant to section 303 of the Act for the removal of any Nominated Director for the time being holding office pursuant to this Article.

20.2 Notice of meetings of directors shall be served on each Nominated Director at the address notified by him to the Company for this purpose whether he shall be present in or absent from the United Kingdom (notwithstanding the provisions of Regulation 88) and whether or not he has appointed an alternate director.

NUMBER OF DIRECTORS

21. The number of directors (including the Nominated Directors but excluding alternate directors) shall not be less than two in number nor more than 7.

ALTERNATE DIRECTORS

22. A director (other than an alternate director) may appoint any other director or any other person whomsoever to be an alternate director and may remove from office an alternate director so appointed.

23. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum.

24. Any director of the Company who is appointed an alternate director shall be entitled to vote at a meeting of the directors on behalf of the director so appointing him as distinct from the vote to which he is entitled in his own capacity as a director of the Company and

shall also be considered as two directors for the purpose of making a quorum of directors unless he is the only director present.

PROCEEDINGS OF DIRECTORS

25. The directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Any three directors of whom one shall be a Nominated Director and one shall be a director other than a Nominated Director shall constitute a quorum and a quorum of directors must be present throughout all meetings of directors.

26. The directors may hold meetings by telephone and the provisions of these Articles shall apply, mutatis mutandis, to any such meeting.

RETIREMENT BY ROTATION

27. The directors shall not be liable to retire by rotation and the words "by rotation or otherwise" and "and deemed to have been reappointed" in Regulation 67, "other than a director retiring by rotation" in Regulation 76, "(other than a director retiring by rotation at the meeting)" in Regulation 77, "and may also determine the rotation in which any additional directors are to retire" in Regulation 78 and the last sentences of Regulations 79 and 84 shall not apply to the Company.

BORROWING POWERS

28. The directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and assets (present or future) and uncalled capital and, subject to that Act, to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party provided that without the prior sanction of the holders for the time being of 75 per cent. in nominal value of the issued "B" Ordinary Shares, Borrowings shall not exceed £15,000,000.